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RR RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN  
DE RUEHLU #0473/01 1351233  
ZNR UUUUU ZZH  
R 151233Z MAY 07  
FM AMEMBASSY LUANDA  
TO RUEHC/SECSTATE WASHDC 3969  
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
RUEHTN/AMCONSUL CAPE TOWN 0327  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 LUANDA 000473

SIPDIS

SENSITIVE  
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STATE FOR EB/ESC/IEC/ENR AND AF/S  
JOHANNESBURG FOR USFCS  
CAPETOWN FOR USFCS

E.O. 12958: N/A  
TAGS: [EFIN](#) [ENRG](#) [SENV](#) [ELAB](#) [ETRD](#) [AO](#)  
SUBJECT: ANGOLA - APRIL ECONOMIC ROUNDUP

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Ministry of Finance Issues Its First Long-Term Debt

2. (U) Minister of Finance Jose Pedro de Moraes signed agreements for a USD 400 million bond issue subscribed by a consortium of private banks. The Angola Development Bank (BFA) the African Investment bank (BAI) and the Savings and Loan Bank (BPC) subscribed 85 percent of the issue. Smaller banks will subscribe the remaining 15 percent. This is the GRA,s first issuance of long-term debt. The bonds mature in 8 to 12 years. Previously, the GRA redeemed all its debt within one year. The bonds will be used to pay for infrastructure in Luanda.

3. (SBU) During the signing ceremony, de Moraes said the government expects to spend USD 7 billion on its Public Investment Program (PIP) in 2007. Comment: The 2007 budget includes over 1500 PIP projects including clinics and village elementary schools totaling less than de Moraes, figure. However, the discrepancy may capture the USD 2.3 billion budgeted for housing, water and urban infrastructure. End comment.

Kyoto and Cartagena Protocols Ratified

4. (SBU) The National Assembly has ratified the Kyoto and Cartagena protocols and both subsequently have been published in the official gazette, Diario da Republica. Minister of Urbanization and Environment Diakumpuna Sita Jose said that implementing the protocol would nudge Angola toward improving the environment. Comment: Angolan law requires environmental impact studies for major construction and development projects. Depending on the nature of the project, an environmental impact study is also a requirement for obtaining a foreign investment license. However, the capacity to enforce world standards is still very weak. End Comment.

New Minimum Wage

5. (U) The Council of Ministers increased the minimum wage by

12 percent to USD 93 per month on April 27, 2007. The increase directly affects government employees, who make up the largest category of salaried Angolans. Since 1991, Angola,s minimum wage has risen from 4,800 Kwanzas (Kz) to 7,420 Kz (USD 60 to USD 93 before the adjustment to the exchange rate in May 2007). Angola,s formal salary year has 14 months, the Christmas bonus and vacation pay comprising the additional two months.

#### Luanda,s First Major Shopping Mall Opens

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¶6. (U) President Dos Santos joined other dignitaries for the formal opening of Belas Shopping Center ([www.belasshopping.com](http://www.belasshopping.com)), about four months behind schedule. The center,s manager said the mall employs 950 people, and predicts monthly sales of USD 20 million. A joint venture between Brazil,s Odebrecht construction company and Angola,s HOGI, the project, including associated commercial, office and residential complexes, cost USD 100 million. The new center boasts space for 100 retail outlets including an multiplex movie theater, supermarket, several restaurants, book store, outlets for cell phones, designer clothing stores and more. However, many of spaces remain empty and many shops appear not yet fully stocked. Belas management announced plans to build a second phase of the project with room for 50 additional stores at an undetermined date and have advertised for a nearby luxury apartment building. Belas is located in Luanda Sul, an upscale South Luanda neighborhood of new million-dollar homes.

#### Luanda Infrastructure ) Friction vs. Traction

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¶7. (U) Although Angola is rebuilding its highways, traffic is almost constantly clogged in Luanda. Headlines in the independent weeklies clamored &Worse Than the Congo,8 and

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&Total Chaos8 of persistent traffic jams caused by bad roads, traffic lights frequently out due to power cuts, plus imports of 11,000 additional cars every month, most of them remaining in Luanda.

¶8. (U) President Jose Eduardo dos Santos appointed a commission under the national director for infrastructure at the Ministry of Public Works (MOP) to coordinate public works projects in the Luanda area. The commission,s purview includes street repair, drainage, electricity, water, telephone service and garbage collection projects. The road projects are to be completed by the end of 2007.

¶9. (SBU) Comment: This is becoming a hot-button issue and one which confronts most Luanda citizens on a daily basis. Funding is not the issue behind the lack of progress, but rather an inability to plan and execute the work. The GRA has slated USD 1 billion from a Brazilian line of credit (reserved for Brazilian firms) and an equal or greater amount from the Chinese credit line to pave roads and repair bridges. Despite the readily available funding, there is little evidence of any improvements, especially in Luanda. In addition, Minister of Public Works (MOP) Higinio Carneiro announced plans to pave an additional 8,000 kilometers of open highway by the end of 2009. End Comment.

#### Angola-China Trade

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¶10. (U) Angolan trade with China reached USD 11 billion in ¶2006. Citing Chinese customs figures, the President of the Chamber of Commerce and Industry, Antonio dos Santos, announced that over USD 10 billion of that figure was Chinese imports of Angolan oil. Dos Santos made the announcement during a visit to Angola by Cheong Chisang, vice president of the Bank of China and the Macau based International Trade Association for Portuguese-Speaking Markets.

#### Portuguese Language Labeling on All Imports

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¶11. (U) The new Commercial Activities Law requires that all imported goods bear labels in Portuguese. Presently, products appear in the markets in numerous languages, including Portuguese. According to one pre-shipment inspection company, the announcement ends the grace period when pre-shipment inspectors could notify importers of the pending requirement. Gomes Cardoso, the head of the Internal Commerce Department, explained that the new law also governs store hours and provides for a commercial census (cadastro commercial).

#### Italy Helps with Marble

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¶12. (U) Italy has offered to provide Angola technology to develop and produce decorative stonework (marble and granite) used in construction. Angola claims to have exported USD 15 million in decorative stone last year, principally from Huila and Namibe provinces. In early April, the Italian Embassy brought technical experts to Angola to train Angolan manufacturers on quarrying and working ornamental stone.  
FERNANDEZ